

Reliable Growth in Global Markets

Since successfully creating the world's first gastrocamera, Olympus has continued to provide the world with top-class technologies, products, services, and solutions centered on gastrointestinal endoscopes. Today, our Medical Business spreads across the globe with approximately 80% of sales coming from outside of Japan. The two pillars of this business are early diagnosis, which is made possible by our gastrointestinal endoscopes, and minimally invasive treatments, which use our surgical devices. By providing value in these two areas, we are helping improve the quality of life of patients around the world while contributing to lower medical costs. In this special feature, we explain the global strategies and initiatives being implemented in the Medical Business, which has been positioned as a growth driver for Olympus.

Industry-Leading Global Service Network

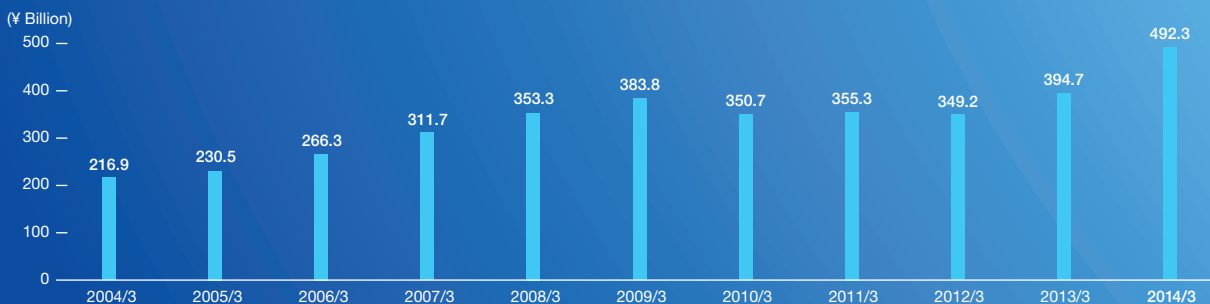
● Major repair sites ● Repair sites



One of the core strengths of the Company's Medical Business is its industry-leading global service network. As endoscopes are inserted directly into the human body even a small malfunction can lead to a serious medical accident. For this reason, instruments that have been repaired must have the same performance as new instruments. Safe and reliable use is one of the essential values of an endoscope.

Ever since beginning its endoscope business, Olympus has continued striving to enhance its service network based on that mind-set. Currently, there are more than 200 Olympus repair sites spread across the globe. This global service network is the industry's largest and just another way Olympus works to make sure that patients can undergo endoscopic examination and treatment procedures with peace of mind.

Net Sales for the Medical Business



Japan

Americas

Nacho Abia

Division Manager of Medical Business Div. of Americas, Medical Business Group



Europe

Frank Drewalowski

Division Manager of Medical Business Div. of Europe, Medical Business Group



Asia / Oceania

Mitsuhiro Hikosaka

Division Manager of Medical Business Div. of Asia / Oceania, Medical Business Group



Operating Environment and Outlook

- Recovery trend due to yen depreciation and job market improvement
- Stable, ongoing growth forecast due to sales contributions from new products, such as EVIS LUCERA ELITE
- Operating environment changing rapidly due to introduction of Healthcare Reform, which aims to reduce medical costs
- Operating environment changes anticipated to prove beneficial in medium-to-long term for Olympus as provider of early diagnosis and minimally invasive treatment methods
- Overall macroeconomic outlook in Europe, Middle East, and Africa mixed and unsettled
- Healthcare providers and hospitals increasingly expect integrated value propositions that cover clinical and economic aspects from medical technology companies
- Growth potential high in China and other markets
- Population and subsequently number of patients large, but number of physicians relatively low
- Political issues and strengthening of regulations by different countries expected to continue

Regional Strategies

- Strengthen principal domestic manufacturing sites to respond to expanding global demand for gastrointestinal endoscopes
- Enhance solutions capabilities for operating rooms centered on surgical and energy devices
- Accelerate sales promotions targeting clinics; strengthen sales approach for pancreatic-biliary-area endotherapy devices
- Revise strategies in energy device field; strengthen specialized sales forces targeting GPOs and IDNs
- Reinforce operations in urology and ENT areas
- Reorganize manufacturing sites to improve production efficiency of surgical devices
- Work closely with customers on a local level and exchange best practices across countries
- Expand sales force in growth areas, such as surgical energy and ENT devices
- Introduce new, systematic sales training programs to respond to evolving customer needs
- Further strengthen training support and service systems that will be key to expanding markets
- Progressively introduce new products to achieve growth
- Track sales results by stringently managing targets by region and field

Principal Manufacturing and Major Repairs Sites

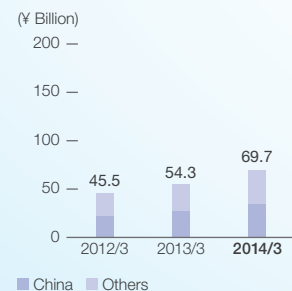
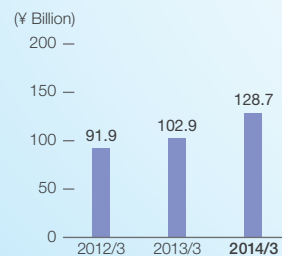
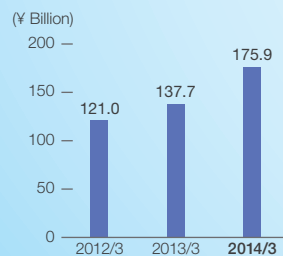
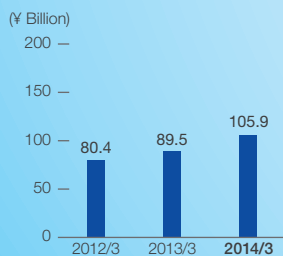
Principal manufacturing sites:
Aizu and Shirakawa (Fukushima), Aomori, Hinode (Tokyo)
Major repair sites:
Shirakawa (Fukushima), Ina (Nagano)

Principal manufacturing sites:
Memphis (TN, U.S.), Norwalk (OH, U.S.), Maple Grove (MN, U.S.) (New facility in Brooklyn Park, MN, scheduled to be operational fall 2014.)
Major repair site:
San Jose (CA, U.S.)

Principal manufacturing sites:
Hamburg and Berlin (Germany), Southend-on-Sea / Cardiff (U.K.), Prerov (Czech Republic)
Major repair sites:
Germany, U.K., Czech Republic

Principal manufacturing site:
Long Thanh (Vietnam)
Major repair sites:
Shanghai and Guangzhou (China), Australia, Singapore

Net Sales



Competitors by Field

Gastrointestinal Endoscopes
FUJIFILM Medical Co., Ltd. (Japan)
HOYA CORPORATION (Japan)

Endotherapy Devices
Boston Scientific Corporation (U.S.)

Surgical Endoscopes
Stryker Corporation (U.S.)
KARL STORZ GmbH & Co. KG (Germany)

Energy Devices
Ethicon Endo-Surgery Inc. (U.S.)
Covidien plc (U.S.)

Americas

Olympus provides technologies that support early diagnosis methods as well as minimally invasive treatment therapies, which we believe are compatible with the goals of the U.S. Affordable Care Act. In order to realize further growth going forward, we will accelerate initiatives geared toward capturing the business opportunities being created as a result of this act.



Nacho Abia
 Division Manager of Medical Business Div. of Americas, Medical Business Group (President of Olympus Corporation of the Americas)

Q₁

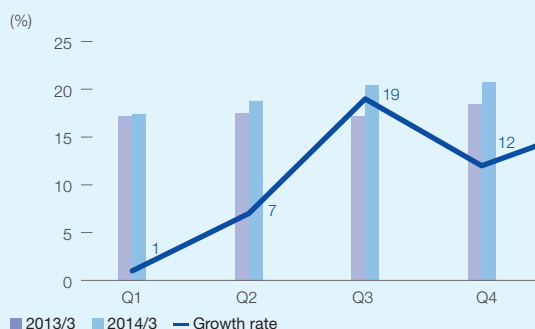
What is your view of the business environment in the North American market? Also, would you please discuss the past year's results?

A

The implementation of the Patient Protection and Affordable Care Act—or ObamaCare—is rapidly changing the Medical Business environment in the United States. The triple aim of healthcare reform is to reduce overall costs, improve patient outcomes, and enhance the patient healthcare experience. Olympus is ideally suited to help healthcare facilities meet these goals by delivering minimally invasive technologies aimed at early detection, diagnosis, and treatment of disease. Moving forward, we will continually strive to address pressure to reduce costs where possible while demonstrating the significant clinical and economic advantages of our solutions to healthcare provider networks. We will also need to further invest in strengthening our strategies for healthcare network management.

As Olympus has worked to adjust to this changing environment, we have seen our U.S. Medical Business outpace the medical device industry. We posted record sales in the fiscal year ended March 31, 2014^(*), with a 6% growth rate and a significant sales backlog to carry over into the current fiscal year. Our core Gastroenterology (GI), Urology, and ENT markets showed especially strong growth. Driven by our high-margin leasing business and strict discount controls, we saw our gross margins improve while Operating Expenses (OPEX) also grew due to sales team expansions in our GI Accessories (EndoTherapy) and Corporate Accounts groups^(**). After the launch of a new sales strategy along with a significant material investment last year, our GI Accessories are now experiencing quarterly growth rates between 15% and 18%.

EndoTherapy Quarterly Growth



What is the status of the new gastrointestinal endoscopes and surgical endoscopes?

Launches of our EVIS EXERA III endoscopy platform and VISERA ELITE surgical platform have done remarkably well and have led to record sales of processors. With the rapid adoption of the CV-190 processor, we anticipate significant future growth in EVIS EXERA 190 endoscope sales for GI. Likewise, the ability to connect and convert 2D systems into 3D imaging systems using our surgical platform has proven to be very appealing for surgical customers. We also have a sizable share of the ENT market for flexible nasopharyngoscopy and sinus surgery, and we are the dominant provider in the U.S. EndoUrology arena.

What is the status of the new electro-surgical device THUNDERBEAT?

Our innovative THUNDERBEAT electro-surgical device is unique to the industry and performs exceptionally well in almost every aspect of surgery, including grasping, dissecting, cutting, and sealing. Despite its

high-performance capabilities, some of the constraints to the device's widespread adoption have been contract limitations due to preexisting, multiyear agreements between hospital networks and competitors; physicians' lack of familiarity with the new technology; and a shortage of compatible disposables to meet all of the needs for surgical applications using energy devices.

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What initiatives and policies will you focus on over the next year?

A

At Olympus, the Surgical field is divided into Surgical Endoscopy (SE), Urology / Gynecology (Uro / Gyn), ENT, and Energy. Over the next year, each of these sectors will be a primary area of focus for Olympus, and we will work hard to build on our existing strengths. One of those strengths is our ability to negotiate across our entire Surgical portfolio, allowing preferential pricing for customers using multiple Olympus products. We also have strong competitive strengths in each sector. For SE, Olympus is uniquely positioned to offer world-class 3D visualization at a fraction of the cost of robotics while providing a common platform for 2D / 3D imaging and GI endoscopy. In Uro / Gyn, we are gaining competitive ground with our stone management devices and

With this in mind, we have revised our THUNDER-BEAT strategy to direct our sales resources to the most appropriate accounts, customers, and procedures.

Moving forward, we are also working to incorporate training as a major part of our Olympus strategy.



are investing in additional sales people and products. For ENT, the additions of our DIEGO ELITE platform and high-quality video endoscopes have greatly improved our product portfolio and market positioning. Finally, in the Energy market, we have made significant investments in our Corporate Accounts groups and remain competitive in the OR (operating room). In addition, we will continue investing in additional sales staff and clinical specialists, and we will make surgeon training an ongoing priority. We are working diligently to take advantage of the opportunities offered by our contract with Premier and are in negotiations with a number of other group purchasing organizations (GPOs) to secure their Energy contracts.

Q₃

Finally, would you please discuss your medium-to-long-term business growth strategies?

A

It is well-known that the U.S. has an aging population and is experiencing increasing levels of chronic disease, including obesity, back pain, and diabetes. It is also generally agreed that ObamaCare initiatives should result in a larger percentage of the U.S. population being covered by insurance. Those two factors make it reasonable to assume that demand for Olympus medical and surgical products will continue to increase for the foreseeable future.

What are the growth strategies for surgical and endotherapy devices?

We have several strategies to grow our Surgical and EndoTherapy devices. First, we will work to improve market access through GPO and Integrated Delivery Network (IDN) contracts. We will leverage the diversity of our GI and Surgical portfolios to drive additional sales volume and invest in dedicated sales resources to protect our existing market share and increase device consumption. Finally, we will work to provide solutions that offer improved patient outcomes and/or reduce costs.

What are the future initiatives in Central and South America?

We are optimistic about our expansion plans for Latin America. We recently established a new Latin American Division (LAD) headquartered in Miami and are investing in resources to support our South American business. The expansion of LAD will allow us to develop specialized products and services for the region as we work to address each country's specific regulatory and compliance requirements and focus on improving our customer service and our training program for healthcare providers. In Brazil and Mexico, our two largest markets, we have direct sales subsidiaries working to identify business opportunities. A recent update to our pricing strategy in Brazil resulted in significant growth in our GI business, and we will continue to refine our strategies in Latin America as we learn how to best engage those markets.

*1. Figures for United States only (Canada and South America excluded)

*2. Specialized sales forces for approaching group purchasing organizations (GPOs), integrated delivery networks (IDNs), other major hospital networks, and U.S. veterans' hospitals

Europe

The European market consists of various countries with differing operating environments. Olympus aims to grow its operations throughout the region by working closely with customers on a local level in order to meet their needs in a systematic, evidence-based way and by exchanging best practices across countries.



Frank Drewalowski
Division Manager of Medical
Business Div. of Europe,
Medical Business Group



What is your view of the business environment in the European market? Also, would you please discuss the past year's results?



At the Medical Business Group Europe, our market responsibility also includes Russia and the CIS countries as well as the Middle East and Africa (EMEA). The market conditions in our region therefore vary quite significantly and, consequently, our business environment is rather complex. Sometimes this can balance things out nicely. On the flipside, it may also be challenging to attain exceptionally strong sales growth across the board. For example, in the fiscal year ended March 2013, Russia posted terrific growth while our business in southern European countries suffered from the Euro crisis. In the past year, however, sales in Russia dropped sharply again, after government investment in the healthcare system and general regulations for the import of medical technology products changed. While our business in Spain and Italy was quite robust after the economic crisis seems to have bottomed out and sales in many other countries posted strong growth, we could not fully compensate for the unforeseen setback in the Russian market to the extent that we would have liked to.

Overall, our medical endoscope solutions for GI departments in the five biggest markets—Germany, United Kingdom, France, Spain, and Italy—and the Nordic countries have traditionally been major strongholds of our business in Europe, and this was further bolstered with the recent launch of EXERA III. Our business with surgical endoscopy solutions was fueled by the successful launch of our 3D imaging system with the world's only deflectable 3D tip laparoscope.

In the field of surgical energy devices, THUNDERBEAT, the world's first hand device that delivers the benefits of bipolar energy for sealing and ultrasound energy for cutting, was a main growth driver with varied target achievement rates across the region. In some key countries, we made major inroads and achieved tremendous growth even above our highly ambitious targets. We are pursuing to systematically learn from such best practices and to identify to what extent a similar approach might help us in other countries, even if market conditions might differ.

As for general trends in the business environment, we see that healthcare providers and hospitals are increasingly expecting integrated value propositions and a good understanding of their value chain from medical technology companies. For us, this means to approach customers more holistically, both in terms of our various products and systems as well as in terms of service and training. In other words, we must



Frank Drewalowski and President Sasa at the Medica (in Düsseldorf, Germany, November 2013) with 3D glasses at a 3D surgical endoscopy demonstration

work closely as a team not only within our business units but also across these units and ancillary functions. We are pleased that with this approach we have

built strong partnerships with several prestigious university hospitals by delivering integrated systems and operating room solutions.

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What initiatives and policies will you focus on over the next year?

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In line with our global strategy, our surgical business is also the field where we are pursuing the most dynamic growth in EMEA, especially in the area of energy devices, such as THUNDERBEAT, and devices for Ear Nose and Throat (ENT) applications, such as DIEGO ELITE. Competition is strong and well established in these areas, but we believe that our innovative products and solutions provide unique value to healthcare providers and meet their needs in terms of clinical as well as economic benefits. To ensure that we make the most of the growth opportunities, we are investing in expanding the sales force for surgical energy and ENT devices. We also implement special organizational conditions in the way we steer and monitor these growth business areas across EMEA. We have designated them as “Greenhouse” projects because the idea is to make sure these businesses grow strong before they are fully integrated into the usual organizational structures next to our already well-established business areas.

Investing in training is also a major part of our growth strategy. We are increasing our Medical

Expert Training for healthcare professionals to train them on the new possibilities for early diagnosis and minimally invasive treatment that our innovations enable. And we have set up a new systematic integrated training curriculum for our expanding sales force.



Regarding clinical benefits, we will continue to focus on our unique Narrow Band Imaging (NBI) technology, for better early endoscopic detection of cancer in the fields of gastroenterology, pulmonology, urology, and ENT. In the field of minimally invasive surgical treatment, we will seek to further enhance our See & Treat positioning, as we believe we offer an ideally matched portfolio of surgical endoscopy and energy based surgical devices for the operating room.

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Finally, would you please discuss your medium-to-long-term business growth strategies?

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As a sales and marketing organization that sells highly innovative products, we must also be innovative in our marketing and sales approach and adapt to evolving and often more complex decision-making processes at healthcare providers in Europe. Therefore, enhancing our expertise in identifying and catering to the needs of our customers and the various stakeholders of healthcare providers are essential for our long-term growth. Against this background, we have initiated our comprehensive Olympus Sales Force Effectiveness program that will help us to meet the customer needs in a systematic and evidence-based way. We will also maintain a strong focus on excellence in after sales and repair service management.

From a more general perspective, one of the overarching trends in the EMEA region is that people have ever higher expectations for quality of life. Thus, the number of patients tends to grow because in mature markets the population is aging while in emerging markets more people can afford access to better healthcare systems.

At the same time, healthcare systems need to become more economically efficient when healthcare budgets are limited. With our focus on early diagnosis and minimally invasive treatment, we believe our medical systems are well positioned to meet the demands of these two interlinked trends.

Asia / Oceania

The key to expanding the Asian market can be found in training support and service systems. Olympus will strengthen these systems to respond to the rising demand for safe endoscopic procedures and endoscope repairs. At the same time, large-scale products will be systematically introduced into the Chinese market, a growth driver in Asia, to rapidly expand our operations in this region.



Mitsuhiro Hikosaka

Division Manager of Medical Business Div. of Asia / Oceania, Medical Business Group (Executive Officer of Olympus Corporation / President of Olympus China Co., Ltd.)

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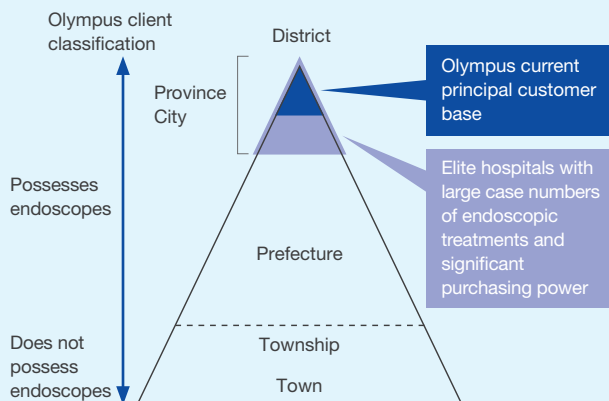
What is your view of the business environment in the Asian market? Also, would you please discuss the past year's results?

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Operating Environment in Asia

Asia is characterized by considerable latent demand, particularly in China. The population in Asia, and consequently the number of patients, is massive, but the number of physicians is quite low in comparison. On top of this, medical technologies still need improvement. Our main challenge in this region is spreading medical procedures and helping train physicians. At the same time, political issues and the institution of stricter regulations will probably continue. Accordingly, it will be important for Olympus to ensure it can advance business activities in compliance with ever-stronger regulations and unimpeded by political issues.

Latent Demand in China, Asia's Growth Driver



Initiatives and Successes over the Past Year

Our operations continued to feel the impacts of anti-corruption activities and political issues throughout fiscal 2014, and I regret having to report that, on a local currency basis, sales in China were unchanged as a result. Over the year, we strengthened our corporate

governance systems, and our systems are now particularly strong for our industry. At the same time, we pushed forward with efforts to spread endoscope usage and train physicians with the aim of advancing ongoing medical progress in Asia. For example, in November 2013, we established a training center in Guangzhou. Adding to our existing Chinese training centers situated in Shanghai and Beijing, this center is our largest training center in Asia. Going forward, demand for training and after-sales services is expected to grow, and we are constructing systems in response, such as infrastructure for spreading medical procedures and helping train physicians. In addition, we relocated our local office in Australia, where stable economic growth is creating a rise in demand. Into this office, we introduced a repair center that allows visitors to bear witness to our high-quality service as well as a training facility^(*). These were some of our greatest accomplishments in fiscal 2014.

^{*} The training facility utilizes training apparatus made to resemble a human body into which trainees can insert endoscopic surgery forceps (the scissor-like instruments used to grasp and pull tissue and foreign substances inside the human body).



New office with enhanced service and training functions established in Australia in February 2014

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What initiatives and policies will you focus on over the next year?

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In spring 2014, EVIS LUCERA ELITE and VISERA ELITE were introduced into the Chinese market. These products are already available in Europe, the United States, and Japan and are expected to be major growth drivers in China. Also, we plan to receive sales approval for a new 3D laparoscopy surgical system from the Chinese government. I anticipate that this new system will greatly change surgical procedures, and I am committed to supporting this change. Furthermore, we intend to commence sales of our new THUNDERBEAT energy device during fiscal 2016, positioning us to further expand our share of the surgical device market in China. In the coming year, we will focus on sales activities in the gastrointestinal and

surgical device fields, including promotions of new products. Through these efforts, we aim to transform these new products into growth drivers that will make strong contributions to earnings from fiscal 2015 onward. Furthermore, we aim to strengthen sales of Axeon, a new gastrointestinal endoscope targeting hospitals that do not boast substantial purchasing power. Axeon is positioned as a strategic product for expanding the number of institutions using endoscopes, and we anticipate it to be a powerful tool in advancing the growth of our operations.



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Finally, would you please discuss your medium-to-long-term business growth strategies?

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China

To reiterate, China is a major growth driver in Asia. There are currently approximately 25,000 hospitals in the country, but the Company's main customer base consists only of the elite hospitals among these, or roughly 1,300 institutions. We aim to expand our customer base to around 3,000 institutions, and we will need to expand the market itself to do this. We are developing robust service systems, centered on specialized training and other educational support services, while helping boost the quality of China's medical services through academic societies and other interactions with physicians. We hope these efforts will contribute to future market expansion. From a long-term perspective, we are also strengthening the sales and service systems needed to respond to projected rapid market expansion and intensified competition.

Asia / Oceania

The usage level of gastrointestinal endoscopes in Asia is such that it will take 20 years or more for the region to catch up with developed nations. In this manner, endoscope usage is still quite low in China, India, and other Asian nations. Nevertheless, the market is growing. The overall size of the Asian endoscope market is expected to double in size over the next five years and to triple in size over the next 10 years. In light of this, Olympus is constructing foundations from a forward-looking perspective targeting 10 years down the line. However, before endoscope usage, it is important that we address the

diagnosis and treatment rates of early-stage cancer. For example, stomach cancer has a high rate of occurrence in Japan, South Korea, and northern China, while other parts of Asia and Oceania have recently been seeing a rise in colorectal cancer, which was previously rare. While incidence varies by country, it is common for cancer to be found at a late stage due to the lack of physicians trained in endoscopic procedures in Asia. Higher early diagnosis rates will require that endoscopic procedures be spread and the number of physicians capable of safely conducting these procedures be increased. Support for these advancements is crucial. For this reason, training centers and other infrastructure must be developed throughout Asia, not only in China, and we believe that it is the Company's mission to contribute to local communities in Asia by supporting their government and academic societies in that endeavor. We already have training centers in place in China, and we are considering the possibility of establishing such centers in other Asian nations.

However, in improving the standard of medical care, it will not be enough to just spread early cancer diagnosis techniques and help physicians learn procedures. The general public will also need to be educated. These represent important tasks that we must tackle from the big-picture perspective of eliminating cancer itself, which will require collaboration with government institutions in each country. Above all else, we must make Olympus into a company that is indispensable to medical progress. It is this sense of purpose that guides our actions.